



## State of Utah Department of Commerce

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## PRESS RELEASE

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### **Man Charged with Securities Fraud, Theft and Racketeering**

Salt Lake City, August 7, 2003 – The Utah Division of Securities with the Attorney General's Office announced today that Paul David Cook of Salt Lake County has been charged in Utah Third District Court with one count of second degree Securities Fraud, three counts of second degree Theft, three counts of third degree Theft and one count of Racketeering. All charges are felonies.

The defendant represented to potential investors that he possessed considerable expertise as a trader in stock options and regularly obtained returns of 15 to 20 percent monthly. Cook entered into an agreement with an investor under which the latter would purchase a home that carried an asking price and existing mortgage balance considerably below its appraisable value. Cook located a suitable home and arranged for the financing and the appraisal. Upon completion of the purchase, Cook took charge of the loan proceeds in excess of the amount needed to pay off the seller—ostensibly to place them into options trading. Cook represented to the investor that the profits from his options trades would be sufficient to make the ongoing house payments and return a profit to both of them.

In actuality, Cook failed to make any mortgage payments on the home and failed to disclose to the investor that for approximately two months previous to the home purchase, Cook had experienced considerable losses in the very options account slated to receive the investor's funds. Upon receiving the excess loan proceeds, Cook retained for himself cash sufficient to make up for most of his earlier losses in the account as well as paying sizable undisclosed commissions to himself. Evidence from brokerage records also revealed that Cook received several other wire withdrawals from the account and used a portion of those funds to pay personal expenses.

The Utah Division of Securities is interested in talking to any other individuals who may have invested money with Paul David Cook. You can contact the Division of Securities at (801) 530-6600.